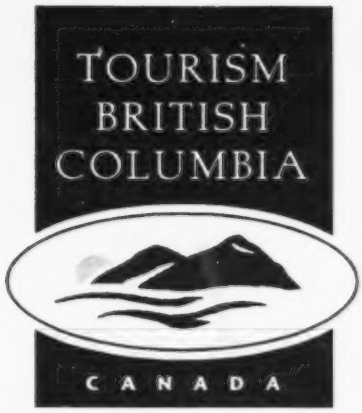

Tourism British Columbia

Three year Service Plan

2003/04 – 2005/06

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OVERVIEW

ORGANIZATIONAL OVERVIEW

Tourism British Columbia is a Crown corporation that operates under the direction of an industry-led Board of Directors and is responsible for marketing the Super, Natural British Columbia brand to the world.

Our vision is to be a recognized world leader in tourism destination management. The organization works cooperatively with industry partners to promote the development and growth of British Columbia's tourism industry and ensure its long-term success. Tourism British Columbia's mission is to exceed our customers' expectations by providing leadership and programs that ensure the success of the British Columbia tourism industry, resulting in a quality visitor experience.

Our Corporate Values are:
- Integrity – what we bring as individuals
- Enthusiasm – what we portray
- Teamwork – how we work together
- Progressive – what we strive for

Tourism British Columbia is recognized as a leader in tourism marketing and development, working in partnership with the province's fast-growing tourism industry.

An Industry-led Crown Corporation

Tourism British Columbia became a Crown corporation effective April 1997, and is responsible to the Minister of Competition, Science and Enterprise. The corporation is governed by an industry-led Board of Directors with full management, financial and legal authority. In March 2002, new Board appointments reflected Premier Gordon Campbell's commitment to the Council of Tourism Associations that all members of the Tourism British Columbia board be nominated by the industry, from the industry, to speak for the industry.

Funding is based on a percentage of the provincial Hotel Room Tax, with revenues increasing or decreasing with the performance of the tourism sector.

Tourism British Columbia Purpose

As prescribed by the Tourism British Columbia Act, the Corporation's Purpose is to promote development and growth in this vital sector, to increase revenues and employment throughout British Columbia, and to increase the economic benefits generated by the tourism industry.

Tourism British Columbia Mandate

The Tourism British Columbia Act describes the following mandated goals:

- Marketing British Columbia as a tourism destination.
- Providing information services for tourists.
- Encouraging enhancement of standards of tourist accommodation, facilities, services and amenities.
- Enhancing professionalism in the tourism industry.
- Encouraging and facilitating the creation of jobs in the tourism industry.
- Collecting, evaluating and disseminating information on tourism markets, trends, employment, programs and activities and on availability and suitability of infrastructure and of services that support tourism activities.
- Generating additional funding for tourism programs.

Core Business Functions

Tourism British Columbia is structured to function as a professional marketing organization, with business units strategically focused across the consumer purchase cycle.

With its private sector partners, the organization embraces a consumer-driven approach to marketing, helping industry bring the right products and services to market – at home and abroad.

- Marketing & Sales – develop consumer-driven strategies that target key geographic markets to increase demand for British Columbia as a preferred travel destination.

- Visitor Services & Sales - provide information to travellers via Visitor Info Centres, HelloBC.com, the toll-free Super, Natural British Columbia reservation and information service, and distribution of British Columbia travel guides to points all over the world.
- Accommodation Services and Standards - encourage enhancement of tourist accommodation, facilities, services and amenities in British Columbia through inspection and rating systems. Approved properties are featured in the British Columbia Approved Accommodation Guide.
- Education and Training - build a professional, well-trained workforce to ensure consumer loyalty and repeat business. Deliver world-class training programs such as SuperHost.
- Research and Economic Analysis - provide research to industry partners for measurement, evaluation and management of growth in all sectors.
- Business Development - responsible for consumer, corporate and industry communications, as well as the development of new revenue-generating opportunities.

Measuring Performance

To ensure Tourism British Columbia continues to be responsive to the needs of the tourism industry, performance measures have been incorporated at three key levels: industry performance, corporate performance, and individual business unit performance in each of the organization's operating divisions.

Industry Performance

Industry performance is gauged by an extensive combination of indicators with particular focus on accommodation statistics such as room revenue, occupancy levels and average daily rates. In addition, Tourism British Columbia monitors visitation through customs entries, airport arrivals, cruise ship activity, attendance at provincial parks, ferry traffic, highway traffic and visitor party information gathered throughout the provincial Visitor Info Centre network.

Corporate Performance

Tourism British Columbia's corporate performance is measured against the strategies and targets established to meet the organization's mandated goals. These are identified in the section called Goals, Key Strategies, Targets and Performance Measures.

In addition, a further benchmark of corporate performance comes from the annual Stakeholder Survey, which is administered by a third-party professional research group. This survey involves feedback from

over 400 randomly selected industry stakeholders, and the corporation's performance target is to achieve an overall satisfaction rating of 3.5 out of 5.

Business Unit Performance

In each of the corporation's core business functions, internal objectives, strategies, performance measures and targets have been established relating to the specific activities, objectives and goals described throughout this plan.

ENVIRONMENTAL SCAN AND CORPORATE BENCHMARKING

In the months following September 11, 2001, the global tourism industry experienced one of its most challenging years, with untold shifts in travel behaviour, making long-term planning much more complicated than in previous years.

The British Columbia tourism industry has weathered the year with relatively strong results, allowing for cautious optimism for the future. However, to return to a pattern of growth, it is essential to continue to collect timely data that gauges a number of indicators, such as accommodation data, bookings from key trade accounts, customs information and relevant consumer trend information including travel attitudes and intent to purchase.

Continued growth for the British Columbia tourism industry was already a concern pre-September 11, as a number of factors were evident that made the province's ability to compete more challenging.

Among these factors, the overall performance of economies around the world, including British Columbia, had been one of the chief concerns. There are some encouraging indicators in recent months that show there may be a more positive environment within the province and Canada.

At the same time, competing jurisdictions have continued to increase their investment in tourism-related marketing activities, which continues to be a challenge for the organization.

Another significant issue continues to be instability of airline industries throughout the world, further complicated by impacts of September 11. Tourism British Columbia continues to provide leadership along with other industry partners in ensuring that the tourism industry perspective on key issues such as access, affordability and service is considered in the discussion of air industry policy in Canada.

Benchmarking

As part of an ongoing environmental scan, Tourism British Columbia uses various benchmarks to gauge corporate performance. By regularly tracking the organization's results relative to historic performance or against other jurisdictions, a perspective on competitive strengths, performance and operating efficiency is derived.

Brand Awareness

Since the brand Super, Natural British Columbia was launched in 1978, more than $500 million has been invested by the public and private sector to anchor market presence throughout the world.

In a 2002 study by Roger Barnes Marketing Planning, the Super, Natural British Columbia brand was evaluated to help determine its current status as corporate asset.

The findings were extremely favourable, showing that the brand had a 95 per cent recall rate among British Columbians, and that overall recognition was 50 per cent greater than competing jurisdictions.

A key finding was that 75 per cent of all respondents thought that travel to a destination characterized as Super, Natural British Columbia was appealing – demonstrating the continuing value of the brand.

Return on Investment

BC Escapes

The award-winning 2002 BC Escapes program saw a 13 per cent increase in measurable tourism revenue over the previous year, generating $70 million in tourism revenue. Similarly, inquiries increased 31 per cent as compared to last year.

Additionally, the return on investment for BC Escapes has increased each year since the program's inception in 1998.

The 2002 revenues are over five-times greater than 1998, the first year of the program. This growth occurred with a budget that has grown from $3.2 million to $5.6 million. Return on investment has increased each year, achieving a 12:1 ratio for 2002. In addition, industry participation has increased from 44 properties to over 150, with direct benefit to over 400 properties. BC Escapes was recognized in 2002 with a second RSVP award from the Canadian Marketing Association.

Given that the Canadian Tourism Commission (CTC) and Western Economic Diversification (WED) will significantly reduce participation in BC Escapes, Tourism British Columbia is projecting a 30 per cent reduction in partnership dollars, and a corresponding reduction in booking revenue of $100,000.

BC Escapes return on investment:

	1998	1999	2000	2001	2002
Tourism BC & Partners Total Investment	$ 3,315,425	$ 4,996,794	$ 5,569,072	$ 6,505,380	$ 5,631,681
Total Revenue (including conversion)	$ 13,000,000	$ 35,000,000	$ 43,000,000	$ 62,000,000	$ 70,300,000
ROI Ratio	4:1	7:1	8:1	10:1	12:1

Partners include participating Destination Management Organizations, tourism businesses, the CTC and TAWNC

Operating Efficiency

Super, Natural British Columbia (SNBC) Call Centre

In the five-year period from 1997 to 2002, the SNBC Call Centre has measured performance in number of categories. Following the introduction of www.HelloBC.com to augment Tourism British Columbia's ability to provide information and bookings for consumers, the key performance indicators for the Call Centre have been closely monitored to ensure maximum efficiency.

Among the results:

- Net revenue per minute is up 28 per cent over the period 1997-2002.
- The rate of conversion has increased 46 per cent.
- The average wait time per call has decreased 44 per cent.

	1997	1998	1999	2000	2001	2002
Revenue per minute	$5.57	$5.52	$6.25	$7.29	$6.67	$7.48
Rate of conversion	8.1%	14.6%	15.0%	18.7%	19.0%	20.0%
Average wait time in seconds	46.2	24.8	27.0	31.0	30.5	29.0

British Columbia Magazine

Since Tourism British Columbia took over the publishing of British Columbia Magazine in 2001, a number of decisions have been undertaken to maximize the efficiency of the magazine, resulting in a better bottom line:

- The focus of operations was shifted to magazine-only, rather than merchandising-oriented.
- Many operational functions have been out-sourced, including the call centre, database management and customer service.
- Mailing of billings, renewals, and promotions is now outsourced.
- Introduced advertising to increase revenue.
- Sales support has been set up with national and regional representatives.
- Introduced newsstand sales across Canada to augment subscriptions.

Historical Benchmarks: (000's)

	00/01	001/02	02/03
Number of Subscribers	NA*	129	125
Gross Revenue	NA*	$2,110	2,750
Profit (Loss)	NA*	(343)	52

BCM was a private company and not required to produce this information

Competitive Spending

To some degree, success enjoyed by tourism destinations is a function of both the effectiveness of marketing programs and the level of investment relative to competitors. An absence from the marketplace through insufficient marketing has an impact on resulting visitation and market share. Sustained aggressive marketing by competitive destinations will produce distinct advantages.

Provincial Government Investment in Tourism Activities

	Tourism Investment (Millions $CDN)*	**Tourism Revenue (Billions $CDN)**	**Rate of Investment (Investment/Revenue)**	**Comparative Spending Relative to BC**
British Columbia	24.2	9.3	0.0026	1.00
Ontario	49.5	14.1	0.0035	1.35
Alberta	21.8	4.3	0.0051	1.97
Nova Scotia	18.7	1.2	0.0153	5.89
Quebec	98.4	5.3	0.0186	7.13

* Budgets are adjusted to be equivalent to Tourism British Columbia's mandate.

British Columbia Tourism revenue for 2002. Government expenditure is Tourism BC share of hotel tax revenue for 2002/03. Source: Tourism British Columbia Annual Report.

Ontario Tourism revenue for 2000. Budget expenditures are for 2000/01. Source: Ontario Ministry of Tourism Business Plan.

Alberta – Forecast Tourism revenue 2001. Budget expenditures for 2001/02. Source: Alberta Economic Development Business Plan 2002 – 2005.

Nova Scotia Tourism revenue for 2001. Budget expenditures 2000/01. Source: Nova Scotia Ministry of Tourism and Culture Business Plan 2000/01.

Quebec Tourism revenue for 2002. Budget expenditures 2002. Source: Tourism Quebec Rapport de Gestion 2001-2002.

GOVERNMENT'S STRATEGIC PLAN

Tourism British Columbia prepared a draft strategic framework as directed by the Core Review Task Force, based on the government's NEW ERA commitment to "stimulate tourism with a plan to improve operators' ability to successfully compete for visitors from around the world." This framework was the result of significant research and extensive consultations with communities throughout the province.

"British Columbia's Tourism Strategy" has a focus on four primary goals:

- Competitive Business Climate
- Industry/Product Development
- Human Resources Development
- Marketing

A few highlights of work underway relating to the goals are as follows:

Industry/Product Development

Community Development

Through the Industry Development business unit, Tourism British Columbia is providing useful assistance to tourism operators looking to develop or grow tourism products throughout the province. Among the tools available include the Business Essentials Guides and workshops that provide information about key aspects of operating a successful tourism business in British Columbia.

Rails to Trails

Tourism British Columbia is working partnered with the Ministry of Sustainable Resource Management to undertake a development project called "Rails to Trails" that would see conversion of dormant railway corridors into recreational trails.

A pilot project is planned to commence in fiscal 2003, resulting in a business plan that incorporates key information such as economic benefits, governance, products, operations and marketing, for subsequent application to additional, new corridors.

Aboriginal Tourism Development

Tourism British Columbia continues to work with the Aboriginal Tourism Association of British Columbia (ATBC) to assist in the development a long-term strategic plan. As part of this, a new focus is on identifying opportunities related to hosting the Winter Olympic Games in 2010.

Human Resource Development

The ability to grow the tourism industry is currently challenged because of a significant skills shortage and the issues tourism businesses face in recruiting and retaining the right people. More than 50,000 new workers will be needed in British Columbia for tourism-related jobs before 2010 at the current rate of growth. If the industry is to reach its target of doubling annual revenues and tax contribution to government, close to 85,000 new workers will be required.

Over the past year, Tourism British Columbia has been working with a Provincial Task Force comprised of CEO's, general managers, HR directors, industry association executives and tourism educators in spearheading the People Development for Tourism five-year plan. A number of industry-based working groups have developed key strategies designed to improve performance in each of the following areas:

- Industry Branding, Career Awareness and Recruitment
  - Determining the best approaches for attracting the right numbers and the right kind of workers to the industry.
- Improving Employers' "People Management" Practices
  - Developing a range of recommendations and incentives that focus on improving retention through the industry.
- Improving Worker's Skills – Training Strategies for Current and Prospective Employees
  - Focusing on providing tourism workers across all sectors with the best range of opportunities and incentives for on-going skills development.
- Co-ordinating HRD Efforts
  - Working towards the establishment of a single industry-driven co-ordinating agency to be responsible for HRD planning and industry-wide HRD activities.

Over the next three years, Tourism British Columbia will be working closely with a new industry-led agency to develop partnerships with government support agencies and the public/private sector tourism

education community to implement these strategies. This will include joint planning mechanisms to ensure delivery and ongoing improvement of training that meets anticipated labour demands.

Marketing

To continue to fulfill the goal of increasing British Columbia's share of the world tourism market, development of this three-year Plan has been guided by a number of imperatives identified by Tourism British Columbia as priorities:

- Continuity of Core Long-Term Business Strategies.
- Maintain a "balanced portfolio" approach by concentrating marketing investment in high priority markets and product segments.
- Explore and develop emerging markets.
- Enhance the efficiency and effectiveness of operations.
- Pursue alternative, incremental revenue sources.
- Operate within a five-year financial framework.
- Pursue Longer-Term Goals Identified in the Corporate Development Plan.
- Ensure Tourism British Columbia continually adds value to stakeholders.
- Maximize the utility of technology.
- Demonstrate value for money in program activities.
- Cultivate a 'value-based' corporate culture.
- Build excellence in marketing.

<u>Winter 2010 Olympics</u>

In the Auditor General's 2003 report "Review of Estimates Related to Vancouver's Bid to Stage the 2010 Olympic Winter Games and Paralympic Games", several references to the importance of strategic tourism marketing were cited:

> *"Obtaining the predicted economic impacts will require extensive tourism marketing...the economic impact scenarios with the biggest payoffs will require an exemplary tourism marketing program both before and after the Games for the whole of British Columbia..."*

> *"...as the province's studies indicate, the economic impact scenarios with the biggest payoffs presume an equally exemplary tourism marketing program for the whole of British Columbia.* ***The Province should ensure that the resources, management and marketing skills needed to achieve its revenue and economic impact targets are put into place.***"

In partnership with other destination marketing organizations such as Tourism Vancouver, Tourism Victoria, Tourism Whistler, Tourism Richmond and the Canadian Tourism Commission, Tourism British Columbia has identified a need to develop a framework that identifies key priorities for a 2010 tourism strategy, including discussions of product, infrastructure, human resources, marketing and relative funding requirements.

MARKET OVERVIEW

The significant role of tourism in the provincial economy is clearly demonstrated in terms of creating jobs and revenue. Currently, there are approximately 17,000 tourism-related businesses throughout the province, with more than 110,000 people employed in jobs directly related to tourism.

In calendar 2002, it is estimated that a total of 22.5 million visitors will have arrived in British Columbia, an increase of 0.6% from 2001. Corresponding industry revenues for the same period are currently estimated at $9.3 billion, a 0.7% improvement over 2001.

Overall, British Columbia residents generate the greatest revenues, contributing 27% of the province's total tourism proceeds. California, Washington, Alberta and Ontario form the rest of North America's core markets.

The United States is a vital market for British Columbia, and 2002 estimates for the U.S. overnight market indicate a 4.1% increase in revenue over 2001.

Visitation from Asia/Pacific is expected to grow by 1.8% over last year, while European visitation is expected to show a decrease of 12.2% over the same period.

GOALS, KEY STRATEGIES, TARGETS AND PERFORMANCE MEASURES

Goal 1: Position British Columbia as a preferred travel destination to consumers and the travel trade

Program/ Activity	**Key Strategies**	**Measures**	**Performance Targets**		
			2003/04	**2004/05**	**2005/06**
BC Escapes	Generate getaway business to British Columbia in spring and summer by offering specially priced packages to high potential markets	Assumed investment budget: Tourism revenues generated Number of inquiries Number of bookings	$4.3 million $50 million 50,000 8,000	Targets to be determined once project budget determined	Targets to be determined once project budget determined

Program/ Activity	Key Strategies	Measures	Performance Targets		
			2003/04	2004/05	2005/06
Tourism Partners	Support regional and sector focused marketing activities such as advertising, publications, consumer and trade shows, and provide cooperative marketing opportunities to businesses	Number of business participating Number of consumer travel guides distributed	1,000 900,000	1,000 900,000	1,000 900,000
Tour Operators	Maintain British Columbia's position with the travel trade through educational programs, cooperative marketing campaigns, familiarization tours and sales calls	BC's share of Canadian tours in key tour operator brochures	North America: 40% Europe: 40% Asia: 60%	North America: 40% Europe 40% Asia 60%	North America: 40% Europe 40% Asia 60%
2010 Olympic Bid	• Build awareness of the 2010 Olympic Bid and industry-related opportunities • Public support by provincial and regional DMO, tourism associations and communities • Specific 2010 marketing initiatives to be determined following Bid award	Total of 25 DMO's, communities and tourism associations	TBD	TBD	TBD

Program/ Activity	Key Strategies	Measures	Performance Targets		
			2003/04	2004/05	2005/06
Media Relations	Continue to build awareness of BC's tourism product with key media	Equivalent dollar value of unpaid editorial coverage worldwide	$67 million	$67 million	$67 million
		Number of media representatives supported	1,300	Over 1,300	Over 1,300
		Number of travel media events attended	7	5-10	5-10

Goal 2: Provide travel information and services for tourists which encourage initial and repeat visitation, longer stays, and extended travel throughout the province

Program/ Activity	Key Strategies	Measures	Performance Targets		
			2003/04	2004/05	2005/06
Call Centre customer service	Continue to build partnerships with inventory providers from across the province to expand selection of products for consumer	Number of properties on the system	700	700	700
	Maintain current customer service levels	Number of incoming calls	225,000	225,000	225,000
		Average call length	5.8 minutes	5.8 minutes	5.8 minutes
		Per cent of calls answered within 20 second	78%	78%	78%
		Average wait time	29 sec	29 sec	29 sec
		Conversion	20%	20%	20%
		Revenue per minute	$7.50	$7.50	$7.50
		Number of reservations	42,000	42,000	42,000
		Revenue	$710,000	$710,000	$710,000

Program/ Activity	Key Strategies	Measures	Performance Targets		
			2003/2004	2004/05	2005/06
HelloBC.com	Increase visitation and bookings to our HelloBC.com website	Number of visitors to website	500,000	550,000	600,000
		Number of bookings through website	5,040	5,500	6,000
		Revenue	$110,000	$120,000	$130,000
BC Magazine	Revitalize the magazine as a key BC tourism marketing product and continue to build profits for marketing reinvestment	Number of subscribers	130,000	135,000	140,000
		Gross sales	$2.85 million	$2.97 million	$3.10 million
		Net profit	$55,000	$109,000	$209,000
Accommodation program	Maintain participation in all accommodation programs	Accom-modation Guide revenues	$1.1 million	$1.1 million	$1.1 million
Discover Camping	Maintain revenue contribution from Discover Camping by supporting lower cost web bookings	Percentage of web bookings	50%	52%	54%
		Net revenue	$32,000	$34,000	$36,000

Program/ Activity	Key Strategies	Measures	Performance Targets		
			2003/2004	2004/05	2005/06
Other publications	Publish and distribute "free" tourism related publications (Vacation Planner and Outdoor and Adventure Guide) at 100 % cost recovery	Number of Vacation Planners distributed	270,000	250,000	250,000
		Number of O&A Guides distributed	120,000	100,000	100,000
		Net cost of program	$0	$0	$0

Goal 3: Implement programs which provide an assurance to the visitor that acceptable standards are available, and encourage operators to enhance the quality of their products

Program/ Activity	**Key Strategies**	**Measures**	**Performance Targets**		
			2003/04	**2004/05**	**2005/06**
Visitor Info Centres (VIC)	Develop activities and programs that result in a quality one-stop full-service experience for the visitor	Visitor Survey : visitor expectations met or exceeded	85%	85%	85%
		Number of visitors served	3.2 million	3.3 million	3.4 million
Accommodation inspections	Carry out property inspection program	Regular inspections	591	600	650
		Canada Select	364	350	430
		Access Canada	5	5	5
		Camping Select	20	10	10
		Green Leaf	20	20	10

Goal 4: Foster the development of an industry that is professional, well-trained, and provides quality services to visitors from around the world

Program/ Activity	**Key Strategies**	**Measures**	**Performance Targets**		
			2003/04	**2004/05**	**2005/06**
Training Services: "SuperHost" program	Work with sponsoring organizations to increase participation in SuperHost Face-to-Face and Frontline Management Solutions programs	Number of participants trained	20,000	22,000	24,000
		Net cost of Program	$60,000	$60,000	$60,000
	Continue to promote SuperHost outside of British Columbia	Revenues outside British Columbia	$20,000	$20,000	$20,000
Industry Development	Identify cultural tourism opportunities and assist in their development	Number of sector organizations that Tourism BC is involved with	5	5	5
	Facilitate the development of self-sustaining sector associations				
	Continue to develop educational materials/workshops to assist individual operators	Number of operators participating in workshops	200	220	250
		Book and workshop sales	$6,000	$6,500	$7,000

Goal 5: Undertake research on the size and growth of the industry, and provide analysis of issues impacting development of the industry for use by government agencies and industry organizations

Program/ Activity	**Key Strategies**	**Measures**	**Performance Targets**		
			2003/04	**2004/05**	**2005/06**
Research publications	Produce and distribute a portfolio of research information both in print and on the corporate website to the tourism industry, including an annual Tourism Outlook, the Value of Tourism and market/regional and sector profiles	Publish Tourism Indicators Customs data entry produced Tourism Outlook, Value of Tourism	8 issues Monthly Annually	8 issues Monthly Annually	8 issues Monthly Annually
Program Support	Conduct research to support Tourism BC programs planning and evaluation	Conduct Corporate Stakeholder survey	Annually	Annually	Annually
Tourism Industry Performance Monitoring	Maintain and enhance sector tracking information through partnerships	Build additional sector tracking information	Expand DMO accommodation and attraction projects by 2 Centres	Maintain current levels of participation	Maintain current levels of participation

Goal 6: Pursue opportunities to generate incremental revenue through program activities, and leverage resources of the tourism industry and non-traditional partners to ensure resources are available to achieve the organization's objectives

Program/ Activity	**Key Strategies**	**Measures**	**Performance Targets**		
			2003/04	**2004/05**	**2005/06**
Leveraging of marketing funds	Partner with the CTC, DMOs and other tourism businesses to increase our market exposure	Ratio of partner contributed funds to TBC funds	North America 1:.8 Europe 3:1 Asia 3:1	North America 1:.8 Europe 3:1 Asia 3:1	North America 1:.8 Europe 3:1 Asia 3:1
Discover Camping	Maintain revenue contribution from Discover Camping by supporting lower cost web bookings	Percentage of web bookings Net revenue	50% $32,000	50% $32,000	50% $32,000
Merchandise sales	Increase revenue at Tourism BC Visitor Info Centres, while promoting British Columbia through relevant merchandise	Net profit	$97,343	$102,000	$107,000

Goal 7: Maintain excellence in service to stakeholders (industry, government agencies, internal staff, etc)

Program/ Activity	**Key Strategies**	**Measures**	**Performance Targets**		
			2003/04	**2004/05**	**2005/06**
Corporate Services	Maintain the integrity of the financial system through a thorough system of controls, and continue to provide financial reports to key decision makers	Unqualified Audit report	Unqualified report, no exceptions	Unqualified report, no exceptions	Unqualified report, no exceptions
		Number of audit management letter points	4 or less	4 or less	4 or less
		Financial statements and forecasts provided to board and Treasury Board staff	Quarterly, within 21 days of quarter end	Quarterly, within 21 days of quarter end	Quarterly, within 21 days of quarter end
Human Resource Management	Continue to instill a values-based and productive corporate culture	Engaged employees (survey)	3.5 out of 5	3.6 out of 5	3.6 out of 5
		Employee absence rate	2% or lower	2% or lower	2% or lower
		Employee turnover rate	5% or lower	5% or lower	5% or lower
		Number of grievances	2 or lower	1 or lower	1 or lower

CORE BUSINESS FUNCTIONS

MARKETING AND SALES

In 2002/03, recovery from the tragic events of Sept 11th 2001 has been stronger than forecast from most of British Columbia's worldwide markets, despite the ensuing economic challenges and reduced consumer confidence in travel. Accordingly, outbound travel to long-haul destinations from key overseas markets has improved, as has greater interest in staying closer to home been observed in domestic markets. While interest in travel to long haul markets has improved, a lack of direct airline seat capacity and higher pricing is proving to be one of the most significant barriers to translating consumer interest into visits to Canada and British Columbia. In many cases, this has resulted in a decrease in visitation that correlates directly with the decrease in seat capacity.

However, over the 3 year horizon of this plan, there is optimism that air capacity will begin to be built back so that Tourism British Columbia and industry partners can again realize the potential that exists from core and emerging markets. Accordingly, Tourism British Columbia will continue to maintain a balanced investment portfolio focused on building both short and longer term business activities from core markets. For instance, further trade and media development efforts will be placed against China and South Korea, two emerging markets which have shown strong performance despite challenging times and are seen to be markets that will continue to show strong growth in the future.

In core investment markets, Tourism British Columbia will continue to integrate trade and consumer activities such as media relations, consumer advertising and promotion, and trade education, as well as trade promotion. In addition, there will be increased efforts supporting online program activities in North America and key overseas markets. The key goal of increased online activity will be to make it easier for consumers to better access British Columbia tourism products and services, and to provide industry better access to worldwide customers.

Marketing & Sales Goals

- Develop British Columbia's tourism potential from primary target markets among high potential travelers across a range of product experiences.
- Spread the economic benefits of tourism throughout the province, across seasons.

- Leverage financial resources to achieve optimum presence and provide opportunities for tourism businesses to collectively reach target markets.
- Increase number of trips, length of stay and consumer spending levels.
- Move Tourism British Columbia to an advanced online business.

North America

British Columbia derives more business from North America than any other market. By sheer size and proximity, it consistently generates more than 80% of total visitor revenue. Tourism British Columbia promotes both quick getaways and longer-stay vacations to North American visitors, focusing on different regional destinations and offering a broad range of products in every season. To reach common target markets, Tourism British Columbia partners with the Canadian Tourism Commission (CTC), the Tourism Alliance and many British Columbia partners.

Visitor Volumes & Revenue

Tourism British Columbia forecasts for 2003 call for total North American visitor volume to increase 2%, with revenue increasing by 3.5% or $274 million. Over the three-year period from 2002 to 2005, total North American visitor revenue is forecast to increase 10.8% to $8.578 billion. At the same time, British Columbia is expecting a volume increase of 6%, or 1,258,000 visitors.

North America - Three-Year Visitor Volume Growth Projection

	2001 Overnight Visitors ('000)	**Percent Change in Visitor Volume 2000 to 2001**	**Forecast % Change in Visitor Volume, 2001 to 2002**	**Forecast % Change in Visitor Volume, 2002 to 2003**	**3 year Forecast % Growth in Visitor Volume, 2002 - 2005**
British Columbia	10,761	0.0%	1.0%	2.0%	6.1%
Regional Canada	3,672	-1.1%	0.4%	2.0%	5.7%
Long Haul Canada	1,160	-3.5%	-5.0%	3.3%	6.9%
United States	5,109	0.9%	3.0%	1.5%	5.6%
Mexico	71	11.3%	-6.7%	5.0%	15.8%
North America Total (BC/Canada/USA/Mexico)	20,772	-0.1%	1.0%	2.0%	6.0%

North America - Three-Year Revenue Growth Projection

	2001 Revenue ($millions)	**Forecast % Change in Revenue, 2000 to 2001**	**Forecast % Change in Revenue, 2001 to 2002**	**Forecast % Change in Revenue, 2002 to 2003**	**3 year Forecast % Growth in Revenue, 2002 to 2005**
British Columbia	2,452	-1.0%	2.0%	3.5%	11.0%
Regional Canada	1,756	-2.1%	1.3%	3.5%	10.5%
Long Haul Canada	993	-4.5%	-4.1%	4.8%	11.7%
United States	2,363	-0.1%	4.1%	3.0%	10.4%
Mexico	49	10.2%	-5.8%	6.6%	21.1%
North America Total (BC/Canada/USA/Mexico)	7,613	-1.4%	1.7%	3.5%	10.8%

Key Challenges

- Competitive activity in the North American market is fierce and intensifying.
- Not only does British Columbia have to compete with other international destinations, there is increased domestic marketing activity encouraging Americans to vacation at home.
- The possibility of US military action in the Middle East is resulting in uncertainty among consumers and tour operators in terms of longer term vacation planning.
- Last minute travel is widespread; the proliferation of web sites dedicated to last minute travel contributes to this.
- Group travel is stagnant or declining; operators are focusing on their near in markets or on overseas deals.
- The high cost of intra-provincial air travel remains a deterrent to visitors travelling within British Columbia; reductions in transportation options (esp. rail, ferry) constrain growth of travel throughout British Columbia.
- Programs are becoming more difficult to measure due to the increased number of contact channels.
- A number of key areas of opportunity (longer stay touring, sector initiatives) lack financial resources.
- Lack of consumer database restricts Tourism British Columbia's ability to increase targeting within current campaigns.
- The CTC's reduced partnership funding and focus on cross-Canada / national programs is hampering growth of provincial / regional initiatives.

Key Opportunities

- The relatively low Canadian dollar compared to the US dollar provides added value for Americans to visit Canada and encouraging Canadians to travel within their own country.
- Consumers are hesitant to book extended vacations and may take more short getaways.
- British Columbia / Canada is well positioned as a safe destination with natural beauty, accessible nature and outdoor experiences.
- US travellers may substitute a Canadian trip for a previously favoured overseas trip.
- Consumers are looking for enriching experiences such as outdoor, adventure and educational travel.
- Enhanced technology may position Tourism British Columbia to better capitalize on last minute travel trends.
- Growth in Internet travel planning continues; enhancements to Tourism British Columbia's website may increase profitability of our reservation service.
- Potential exists to increase repeat visitation through better targeting and conversion resulting from better utilization of our consumer databases (web site, call centre).

Focus of Effort

Markets

Key investment markets include British Columbia, Alberta, Ontario, Washington State, Oregon, California (specifically the San Francisco Bay Area, Los Angeles & San Diego) and Arizona (Phoenix).

Maintenance markets include Manitoba, Saskatchewan, New York, Texas, Minnesota, Florida, Illinois and Colorado.

Mexico and South America remain emerging markets for travel to British Columbia.

Products

The primary focus of Tourism British Columbia's North American efforts will continue to be in support of touring, which includes both long and short stays (getaways) encompassing a range of product experiences such as sightseeing, attractions, and culture.

Through partnership with regional tourism associations and sector associations, specific product experiences such as ski, golf, outdoor adventure, fishing, guest ranches, spas and other niche products are also supported.

Target Audiences

Repeat visitors

High potential travellers, who are frequent traveler's aged 35 – 54 and 55+ with post-secondary education and above-average household incomes. They participate in outdoor activities and have active lifestyles.

Key Strategies

Tourism British Columbia's marketing efforts position the province as a travel destination that offers an affordable, refreshing vacation or getaway experience combining nature and urban activities within **Super, Natural®** surroundings.

- Continue to directly reach our potential consumers through highly targeted media (television, newspaper, publications, online) to create awareness, interest and motivate purchase of tourism product.
- Encourage repeat visitation and use of HelloBC through database targeting and increased emphasis on high potential markets.
- Pilot new product offerings to capitalize on last minute bookings.
- Build revenues to regional markets through the Tourism Partners Program.
- Influence the amount, type and seasonality of tour operator product and educate the retail travel trade on tourism products available in British Columbia and the benefits of selling these products to their clients.
- Proactively seek unpaid media coverage to increase awareness of and interest in new and existing products in British Columbia.
- Fulfill consumer and trade information requests by developing and distributing high quality print publications.

Overseas

The Overseas unit of the Marketing and Sales division works with the Canadian Tourism Commission, airlines and key tour operators to capitalize on opportunities from core European and Asia/Pacific markets. Tourism British Columbia has representatives based in the UK, Germany, Japan, Taiwan and Australia working on behalf of British Columbia suppliers through trade activities that include sales calls, attendance at trade shows, seminars, trade familiarization tours, and trade publications. Consumer focused activities include joint advertising and promotions with tour operators and the Canadian Tourism Commission, attending shows, developing foreign language publications and media relations.

Asia/Pacific

Visitor Volumes & Revenue

Visitor volumes from Asia/Pacific are forecast to increase 3.8% in 2003, resulting in a total of 901,000 overnight visitors to British Columbia. Revenues generated by these visitors are forecast to total $990 million in 2003, an increase of 5.4%.

Over the next three years, visitor volumes are forecast to grow by 11.5% to 968,000, reflecting an increase of 100,000 overnight visitors. During the same period revenues are forecast to grow by 16.9% to reach $1,097 million.

Asia Pacific - Three Year Visitor Volume Growth Projection

	2001 Overnight Visitors ('000)	Percent Change in Visitor Volume 2000 to 2001	Forecast % Change in Visitor Volume, 2001 to 2002	Forecast % Change in Visitor Volume, 2002 to 2003	3 year Forecast % Growth in Visitor Volume, 2002 - 2005
Japan	273	-7.9%	8.8%	2.0%	6.1%
Australia	127	-1.0%	-11.4%	5.0%	11.4%
New Zealand	24	-8.1%	-9.9%	3.0%	9.3%
South Korea	98	15.1%	6.6%	5.0%	11.4%
Taiwan	85	-27.9%	-9.0%	3.0%	9.3%
Hong Kong	82	-0.8%	-1.8%	1.0%	3.0%
China	59	26.1%	18.8%	10.0%	33.1%
Other Asia/Pacific	104	9.2%	0.1%	5.0%	21.3%
Asia / Pacific	852	-3.0%	1.8%	3.8%	11.5%

Asia/Pacific - Three Year Revenue Growth Projection

	2001 Revenue ($millions)	Forecast % Change in Revenue, 2000 to 2001	Forecast % Change in Revenue, 2001 to 2002	Forecast % Change in Revenue, 2002 to 2003	3 year Forecast % Growth in Revenue, 2002 to 2005
Japan	264	-8.8%	9.9%	3.5%	11.0%
Australia	151	-2.0%	-10.5%	6.6%	16.5%
New Zealand	29	-9.0%	-9.0%	4.5%	14.3%
South Korea	95	14.0%	7.7%	6.6%	16.5%
Taiwan	108	-28.7%	-8.1%	4.5%	14.3%
Hong Kong	90	-1.8%	-0.8%	2.5%	7.7%
China	66	24.8%	20.0%	11.7%	39.2%
Other Asia/Pacific	115	8.1%	1.1%	6.6%	26.9%
Asia / Pacific	919	-4.5%	2.2%	5.4%	16.9%

Key Challenges

- As a result of September 11, other terrorist activities, and the possibility of another war in the Middle East, there is ongoing uncertainty throughout Asia, especially in Japan.
- Japanese purchase and travel habits are experiencing rapid changes, with a strong shift to more fully independent travel.
- There continues to be economic malaise in Japan, Taiwan and Hong Kong.
- The high cost and lower availability of airline seats to British Columbia is a significant issue.
- There is intense competition from other National Tourist Offices' with access to much larger budgets.
- Reduced profits make it difficult for Japanese wholesalers to introduce new products.
- Rapid growth in maintenance and emerging markets is placing more demands on Tourism British Columbia resources.

Key Opportunities

- The older / affluent "Silver" market in Japan is less affected by economic downturn; they represent a large share of Japanese visitors to British Columbia.
- Consumer demand for experiential and outdoor travel is forecast to grow; these products match British Columbia's tourism product availability.
- Canada is a "hot" destination in Australia and British Columbia is considered a primary ski destination.
- Growth of the Internet in all markets and highlighted by a very sudden increase in Internet use for information and purchase in Japan.
- The Japanese government is discouraging technical visits to the US which presents a short-term opportunity for British Columbia.

Focus of Effort

<u>Markets</u>

- Investment markets are Japan, Australia/New Zealand and Taiwan.
- Maintenance markets will continue to be Hong Kong and South Korea.
- Emerging markets that will continue to be developed include Southeast Asia (Singapore, Thailand, Malaysia, Philippines) and China.

Products

Touring represents the largest market potential for all markets, with activities including sightseeing, wildlife viewing, soft adventure, fishing, golf, spas and cultural experiences. Other products to be promoted include skiing, as well as niche tours such as spring blossoms.

Target Audiences

Leisure travelers with some existing awareness of Canada as a destination, including older couples with above average income and some international travel experience.

Japan

- Focus split between those travelling as part of an established, escorted group and those who are travelling more independently on tours with flexible components, with minor emphasis on educational and technical visitors.
- Demographically, targets include older couples with above average disposable income and some international travel experience, families and honeymooners, and single females aged 30+ (known as "office ladies segment 2").

Australia

- Focus primarily on independent travellers looking for nature and city experiences, with ski targeting those who have skied in New Zealand or in other international destinations.
- Demographically, targets include "active seniors" with above average disposable income and some international travel experience.

Taiwan

- Primary focus on visitors purchasing group tours with growing emphasis on FIT (fully independent travellers).
- Demographically, targets include above average income couples and families with some international travel experience.

Europe

Visitor Volume & Revenue

Visitor volume from Europe is forecast to increase 4.1% in 2003, resulting in a total of 566,000 overnight visitors to British Columbia. Revenues generated from European visitors are forecast to increase 5.7% in 2003 to $595 million.

Over the next three years, visitor volume is expected to increase by 9.9%, or 54,000 for a total of 598,000 overnight visitors. During the same period, revenues are forecast to grow by 15.0% to reach $646 million.

Europe - Three Year Visitor Volume Growth Projection

	2001 Overnight Visitors ('000)	**Percent Change in Visitor Volume 2000 to 2001**	**Forecast % Change in Visitor Volume, 2001 to 2002**	**Forecast % Change in Visitor Volume, 2002 to 2003**	**3 year Forecast % Growth in Visitor Volume, 2002 - 2005**
United Kingdom	286	-3.8%	-8.6%	5.0%	11.4%
Germany	114	-8.6%	-23.2%	3.0%	9.3%
Austria	8	-14.8%	-12.2%	2.0%	6.1%
Switzerland	21	-18.2%	-14.6%	2.0%	6.1%
France	27	-12.1%	-15.4%	3.0%	7.2%
Netherlands	39	-6.6%	-16.1%	3.0%	7.2%
Italy	20	1.9%	-1.5%	3.0%	9.3%
Other Europe	104	-4.7%	-9.9%	4.0%	9.3%
Europe	619	-6.0%	-12.5%	4.1%	9.9%

Europe - Three Year Revenue Growth Projection

	2001 Revenue ($millions)	Forecast % Change in Revenue, 2000 to 2001	Forecast % Change in Revenue, 2001 to 2002	Forecast % Change in Revenue, 2002 to 2003	3 year Forecast % Growth in Revenue, 2002 to 2005
United Kingdom	310	-4.8%	-7.6%	6.6%	16.5%
Germany	139	-9.5%	-22.4	4.5%	14.3%
Austria	10	-15.7%	-11.3%	3.5%	11.0%
Switzerland	26	-19.1%	-13.8%	3.5%	11.0%
France	22	-13.0%	-14.6%	4.5%	12.1%
Netherlands	33	-7.6%	-15.3%	4.5%	12.1%
Italy	16	0.9%	2.5%	4.5%	14.3%
Other Europe	82	-5.6%	-9.0%	5.6%	14.3%
Europe	638	-7.1%	-11.7%	5.7%	15.0%

Key Challenges

- Ongoing uncertainty as a result of September 11, other terrorist activities, and the possibility of another war in the Middle East.
- An economic slowdown in several European countries is strongly impacting German travel.
- The high cost and lower availability of airline seats to reach British Columbia is a significant issue.
- Fierce competition in both Germany and the UK by other jurisdictions with larger budgets.
- Environmental activism continues, specifically directed to wildlife and hunting policies.
- Withdrawal of the CTC from Scandinavian markets.

Key Opportunities

- Increasing interest in culture, eco-tourism, wildlife, adventure and activity-based holidays.
- An aging UK population translates into more free time and disposable income.
- An increase in interest from the UK in western Canada as a ski destination.
- Canada continues to have a positive image; clean, safe, and offers first class outdoor /nature based experiences.
- Increased value of the British Pound is resulting in lower costs for UK visitors.

Markets

- Investment markets continue to be the UK and Germany.
- Maintenance markets continue to be the Netherlands, Switzerland, Austria and Nordic countries.

Products

Touring represents the largest market potential, with activities including sightseeing, wildlife viewing, soft adventure, fishing, golf, spas and cultural experiences.

Continued promotion of Thompson Okanagan and British Columbia Rockies ski areas will be actively pursued.

Target Audiences

Primary focus will be on leisure travelers with an existing awareness of Canada, specifically independent travelers purchasing component packages.

Other target audiences include:

- Skiers who have been to other international resorts.
- Older, affluent consumers and empty nesters with international travel experience.
- Young adventurers seeking a combination of nature and city experiences.

Key Overseas Strategies

Tourism British Columbia's marketing efforts position the province as a travel destination that offers a diverse range of uniquely Canadian experiences combining nature and urban activities with **Super, Natural®** surroundings.

- Develop measurable key account co-op marketing programs designed to increase awareness and convert interest into sales.
- Start to re-introduce new product with key accounts after a year of focusing on core product due to the impact of September 11.
- Continue to develop database-marketing opportunities in the UK and Germany.
- Co-host Rendez-vous Canada in May, 2003 with Tourism Vancouver.
- Continue to co-host Canada's West Marketplace, providing a vehicle for British Columbia and Alberta tourism businesses to build business from overseas tour operators.
- Continue to support the CTC's activities in China in preparation for Approved Destination Status.

- Fulfill consumer and trade information requests by developing and distributing high quality print publications.
- Proactively seek targeted media to obtain unpaid coverage of new and existing products in British Columbia.

Marketing Services

The Marketing Services unit is responsible for the management of advertising and production services, consumer publications, trademark protection, the Image Bank and Travel Media Relations, helping to ensure a consistent brand image in all promotion of Tourism British Columbia and British Columbia's tourism products.

Marketing Services has made a strategic shift within Tourism British Columbia, moving from the Business Development unit to Marketing and Sales. This move reflects the streamlining of service within the organization, and will provide more efficient support for the DMS project as it is implemented.

Investment in New Technology

Developments in technology, in particular the internet and web-based applications are changing the way Destination Management Organization's (DMO's) access information from tourism product suppliers and how consumers access vacation ideas on potential travel destinations.

Tourism destinations around the world are now implementing destination management systems (DMS) or electronic infrastructure that uses new web-based technologies to better enable their business activities, at the same time better satisfying a more sophisticated, wired consumer. These systems are being developed with the goal of having more timely, accurate, comprehensive and well-organized product and destination information available electronically through web sites, call centres, visitor information centres, publications and through selected partners.

Individual DMOs at all levels are investing millions of dollars in capital and ongoing technology support for these new systems. Over the past year, in consultation with communities and industry stakeholders, Tourism British Columbia has undertaken a complex process to determine the best approach for the British Columbia tourism industry to effectively and efficiently take advantage of technology. Understanding the priorities and approach identified in other jurisdictions and corresponding investment levels has been an important part of this undertaking.

Key Challenges/Opportunities

- Current economic conditions within the tourism industry have had a negative impact on revenues from both the 2003 Vacation Planner and Outdoor Adventure Guide.
- The Image Bank's new Digital Asset Management system is in operation, providing Tourism British Columbia staff and industry partners with access to an increased number of images, as well as benefiting from time and cost efficiencies and improved customer service.
- Travel Media Relations continue to have excellent working relationships with the CTC's media relations staff in the U.S. and Canada, the regions and DMOs, resulting in increased press trip opportunities and media coverage.
- U.S. and Canadian travel editors have continued to show increased interest in British Columbia as a travel destination. However, increased financial investment in media relations initiatives by Alberta, Ontario and Quebec, as well as by U.S. and international destinations is resulting in stiffer competition for media attention.

Key Strategies

- Continue to monitor the impact of the economic climate on publication revenue to maximize cost recovery.
- Continue to develop a proactive distribution plan for Tourism British Columbia publications.
- Continue to implement the new Digital Asset Management system in the Image Bank, including testing and refining the new system and adding new imagery.
- Continue implementing updated trademark, graphic standards and copyright guidelines and policies.
- Continue to build media awareness and experience of the diverse tourism product available throughout British Columbia.
- Continue to strengthen ongoing relationships with key media, and build new associations through attendance at media marketplaces and other industry events.

DESTINATION MANAGEMENT SYSTEM

Tourism British Columbia has recognized that changes in technology and, in particular, the internet have changed the way consumers access vacation ideas and seek information on potential travel destinations. As a result, the organization has undergone an extensive review of how technology can enable British Columbia to be a more competitive tourism destination and gain market share by meeting the planning and purchasing needs of current and potential visitors in the new digital economy.

The review included understanding of consumer needs, consultation with industry to determine their needs and readiness for a new digital economy and investigation of "best practices" of other destinations working to enable their stakeholders to be represented on-line. A business plan has been completed that includes revenue models, an integrated accommodation and non-accommodation listing, linking and reservation program, appropriate travel information as well as business process redesign and a technology strategy to support the business plan

Key Challenges

- Business, and travel in particular, is quickly moving towards a new digitized economy. Travel businesses that are not able to compete or participate in this web based economy run the risk of not being competitive in the future.
- British Columbia does not have an efficient and comprehensive system to deliver information for trip planning and access to product to purchase for consumers. Without this system, British Columbia will not be able to quickly respond to market changes and opportunities.
- The tourism industry is diverse with a wide variety of types and sizes of businesses, each with different marketing and information distribution systems.
- Current Tourism British Columbia technology and processes are not able to meet the needs of a more comprehensive information system.

Key Opportunities

- To provide or facilitate a comprehensive, integrated information gathering and distribution system that enables all tourism product to maximize local, regional and global market opportunities.

- To develop a multi-user system that gathers the information from the source closest to the product or experience and provides it to a centralized information depository. This will ensure the most accurate, up to date and efficient information system.
- To provide a variety of opportunities for tourism businesses to promote their information through Tourism British Columbia's programs or through programs of select partners.

Strategic Priorities

- To technologically enable Tourism British Columbia's destination management system by implementing a content management system, a supplier registration system and a reservation system for select product.
- To develop and implement a variety of marketing programs that will enable all tourism products to access consumers through on-line programs, call centres and Visitor Info Centres.
- To develop integrated channels of distribution that provide consumers access to the information, with particular emphasis on on-line programs and partner programs.

Performance Objectives

Phase 1- Prior to acquisition and implementation of the DMS technology:

- Source, evaluate and acquire the appropriate technology and resources to implement the business plan.
- Develop an implementation plan that ensures the appropriate transition of business processes and minimizes the potential risks to existing programs.
- Develop and implement the first phase of a touring oriented, North American on-line program complete with limited product listings for accommodation and non-accommodation products.
- Prepare a web-strategy and implementation plan for two overseas markets, including one English and one foreign language.

Phase 2 – After acquisition of DMS technology:

- Implement a supplier registration system that will allow tourism businesses on and off line access to register and update product information with Tourism British Columbia.
- Integrate the new technology with financial systems for greater efficiency.
- Initiate the implementation of a content management system that will gather, create and distribute travel information.
- Implement a transition plan that will include training and change management strategies, as well as contingency plans for existing systems.

Phase 3

- Reconfirm requirements and appropriate technology to implement a more flexible web based reservation system that will allow consumers to convert from an inquiry into a reservation.

Phase 1 is underway and will be completed in 2003/04 with subsequent phases occurring over the next three years.

TOURISM OPERATIONS

With the goal of building customer loyalty within all regions of British Columbia, the diverse program areas within Tourism Operations has the potential to influence the consumer at each stage of their British Columbia vacation experience. Working directly with visitors and industry, the division provides information fulfillment, product sales and promotes increased travel. This includes a commitment to quality assurance through the enhancement of standards for facilities, services and amenities, and a similar commitment to long-term professional development programs for the tourism workforce. Another key function is undertaking research for the British Columbia tourism industry.

The division's business units are strategically aligned to specific goals: Visitor Services and Sales is designed to provide potential visitors with a full range of travel information and reservation services; Training Services develops programs to ensure the ongoing availability of a professional well-trained workforce; Accommodation Services targets the enhancement of visitor accommodations; and Research Services is charged with the collection, evaluation and dissemination of information on tourism activity and the tourism industry; Information Technology provides technical solutions to support business priorities for the corporation.

Visitor Services and Sales

The role of the Visitor Services and Sales unit is to ensure that visitors receive timely and accurate information and services throughout both their trip-planning and vacation experience. Key functions include brochure request fulfillment, accommodation reservations, trip counselling and providing retail opportunities to purchase a memento of their vacation.

Super, Natural British Columbia Reservation and Information Service (SNBC)

Tourism British Columbia's toll-free Super, Natural British Columbia Reservation and Information Service (1-800 HELLO BC) is an important first point of contact for many visitors to the province. More than 700 industry operators subscribe to the booking component, which is also the primary reservation system for Discover Camping, West Coast Trail, Bowron Lake Canoe Circuit and Gwaii Haanas National Park Reserve. Integrating the reservations service into Visitor Info Centres and the HelloBC consumer website helps ensure a consistent and quality product is offered to visitors. SNBC is an important contributor to repeat visitation, which is essential to overall tourism growth.

Key Challenges/Opportunities

- Continued decline in call volumes is offset by increased activity on the HelloBC website and at Visitor Info Centres.
- Introducing web based technology to the reservation platform will provide industry improved access to their product resulting in greater efficiencies.
- Increased postage rates will raise costs for fulfillment.

Key Strategies

- Maximize booking opportunities at all locations through strengthened industry partnerships.
- Implement reservation platform upgrade to improve industry access resulting in increased offers and opportunities for customer purchases.
- Utilize cost-effective distribution providers to disseminate tourism information to consumers in all markets.

Visitor Services and Sales

Tourism British Columbia's Visitor Services and Sales operates Visitor Info Centres at key Alberta and U.S. border crossings, and partners with an additional 110 community-based Visitor Info Centres throughout the province. These centres welcome approximately 3.2 million visitors annually and provide a wide range of services including detailed trip counselling, accommodation reservations and Super, Natural British Columbia souvenirs.

Recognizing the importance of a quality visitor experience, all Visitor Info Centres must meet standard criteria.

The Visitor Services and Sales unit also manages the Tourism Product Database, a comprehensive listing of 7,000 tourism products and services, and provides warehousing and distribution services.

Key Challenges/Opportunities

Increase presence of Visitor Info Centres in relevant Tourism British Columbia programs to increase visitation.

Improve visitor information services by further integrating distribution channels.

- Community organizations continue to seek additional support and leadership from Tourism British Columbia.

Key Strategies

- Ensure maximum exposure in Tourism British Columbia programs to raise profile of Visitor Info Centres wherever possible.
- Utilizing technology, implement improved standardized information services through VIC's, Call Centre and the Web.
- Through community consultations, develop "best practice" programs to improve community Visitor Info Centre performance.
- Select location-specific merchandise at Tourism British Columbia Visitor Info Centres to increase revenue and customer satisfaction.

Accommodation Services

To secure loyal, repeat customers, Tourism British Columbia's Accommodation Services unit works with the industry to maintain and enhance accommodation standards through various activities, including industry counselling, Access Canada, Canada Select, Camping Select, the Green Leaf environmental program and highway signage programs.

A major publication produced by this unit is the annual Approved Accommodation Guide, the most comprehensive directory of accommodations in the province and the only directory of inspected/approved accommodation facilities. More than 2,900 properties participate in the program. The Canada Select Accommodation and the Camping Select Rating Programs address the trend for consumers to choose accommodation predicated on a quality rating for facilities and services; and the Access Canada Program provides accessible accommodation for persons with disabilities. The Hotel Association of Canada (HAC) Green Leaf™ Eco-Rating Program is designed to improve the fiscal bottom-line and environmental performance of an accommodation establishment.

Key Challenges/Opportunities

- Due to current market conditions, maintaining existing levels of participation in Accommodation Services programs is a major goal.
- The decline in operator participation in the U.S.-based rating programs provides an opportunity to grow participation in Canada Select.
- The implementation of the Camping Select Rating Program for campgrounds and RV parks provides an opportunity for increased participation and revenue.

Key Strategies

- Continue to build partnerships with industry and other tourism organizations to improve participation in programs.
- Continue to work with agencies such as BC Assessment Authority to increase product knowledge relative to issues/constraints facing the industry.
- Improve efficiencies in the distribution of the Approved Accommodation Guide through on-line distribution of the Guide on the Internet and other venues as appropriate.
- Continue to work with industry partners/associations to implement changes to the Guide to ensure consumers receive accurate and timely accommodation/camping information.
- Increase advertising opportunities in the Guide through value-added enhancements.

Training Services

Tourism British Columbia's Training Services Unit works with industry to develop a professional workforce with strategic priorities based on the needs of the labour market. This recognizes that the quality of the visitor experience is vital to long-term growth of tourism in the province.

Training Services develops curriculum materials and also supports the local trainers who conduct one or more of the eight SuperHost workshops, Tourism British Columbia's internationally recognized customer service training programs. SuperHost continues to see over 20,000 participants per year in British Columbia in these programs and has been licensed by several international countries as their customer service initiative.

Key Challenges/Opportunities

- Changes in funding strategies for job re-training and employment initiatives (both federally and provincially) continue to adversely affect sales.
- When the economy is slow, training budgets are minimized.
- The arena for customer service training is intensely competitive by individuals or training companies – relationship selling is key, but costly.
- SuperHost Fundamentals, a well-respected product, is in the mature stage of the product life-cycle.
- Two new shorter-length workshops are now available to market.

Key Strategies

- Continue to focus on activities in consulting arena that help to reach revenue targets.
- Support SuperHost image as a high-quality, integrated customer service program, through trainer reviews, speaking engagements, writing articles, etc.
- Continue to work with corporate clients, delivery organizations, secondary schools, and the post-secondary system to promote sales.
- Explore other delivery mechanisms to encourage more participation.
- Continue to promote SuperHost outside of British Columbia.
- Support human resource development in BRITISH COLUMBIA, including certification and standards training and development, and work towards developing a comprehensive Human Resources strategy with industry.

Research Services

Research Services provides the tourism industry with key information on a variety of subjects including world travel markets and the performance of specific industry sectors in British Columbia. Included among the information distributed by this business unit are tourism revenue and volume forecasts, Tourism Indicators, and the Value of Tourism. Research Services also provides Tourism British Columbia with strategic and market intelligence, and program evaluation services. In addition, an industry Advisory Council exists to assist in gathering and interpreting information.

Key Challenges/Opportunities

- Budget reductions will require developing a more effective cost methodology to replace the British Columbia Visitor Study.
- Research Services is expected to manage a number of unplanned projects each year. Unanticipated projects this year included:
  - Research related to the British Columbia Human Resource Development Taskforce.
  - Continued analysis for the Destination Management System (DMS) project.
- There is a continuing need for more sector/regional information for business planning purposes. Government restructuring has resulted in loss of tracking data. However, there is an opportunity to work with sector and regional tourism associations to collect and distribute information.
- Demographic trends, travelers' responses to September 11th and growing use of technology have increased the need for current, relevant, consumer research.
- Distribution of tourism research publications through the corporate website provides further opportunities to reduce costs, expand content and improve timeliness of information.

Key Strategies

- Continue to build partnerships with industry and other tourism organizations to improve research information.
- Track key issues including competitive spending levels, economic forecasts, the on-going impact of airline restructuring on the British Columbia tourism industry, the economic benefits and opportunities of Vancouver 2010 and other issues of strategic importance.
- Develop an affordable methodology to provide more timely provincial and regional estimates of tourism revenue and volume.
- Provide program evaluation services to Marketing & Sales, Visitor Services and other business units of Tourism British Columbia.
- Continue to improve efficiencies in the distribution of research information through the use of the Internet.

Information Technology Services

Information Technology Services core activities are to provide technology leadership for Tourism British Columbia, and ultimately the industry, through the development and implementation of information technology (IT) strategies. In addition to day-to-day responsibilities for office systems and business

applications, this unit is also responsible for developing and maintaining Tourism British Columbia's web presence.

Key Challenges/Opportunities

- Consolidation and outsourcing of technology infrastructure, combined with favourable renegotiation of contracts has enabled new budget targets to be met. Any further reductions however, will impact the ability of Tourism British Columbia to service its own staffs' office technology requirements.
- Maintaining data integrity is an ongoing challenge.
- Opportunity to transition to a new platform and suite of business applications that better meet the needs of the business moving forward (DMS).
- By focusing on vendor management, it is possible to have more effective use of technology resources in support of the organization.

Key Strategies

- Reconcile and integrate all business strategies with the tactical technology implementation plan.
- Continue to execute operational strategies that strive for efficiencies while, at the same time, ensuring the continuing stability and sustainability of the technology platform at Tourism British Columbia.
- Continue to apply principles of IT governance and Project Management so that the standards and delivery of IT are handled in a professional manner.
- Build relationships and on-line partnerships with key travel industry companies and other potential partners to increase exposure, functionality and visitation to Tourism British Columbia's websites.

BUSINESS DEVELOPMENT

The various units included within Business Development are aligned along divisional and corporate goals. For Business Development, it is to contribute to revenue generation, job creation and balanced growth in the tourism industry. British Columbia Magazine creates awareness of the province as a travel destination and provides the corporation with incremental revenue. Industry Development provides expertise and support through the provision of program information, training resources for the business of tourism and community strategic planning. Corporate Communications works with all other divisions to manage issues and reinforce the value of tourism and awareness of Tourism British Columbia's programs.

British Columbia Magazine (BCM)

Primary activities include the quarterly publication of the Magazine and the annual Calendar.

Key Challenges/Opportunities

- A decline in total annual subscriptions over the last few years, mostly due to an aging subscriber base.
- These aging subscribers provide a limited time frame for revitalization of the magazine to a new audience.
- Elimination of Federal Postal subsidy will affect profitability.
- Integration into Tourism British Columbia is near completion and provides significant efficiencies in operations and cost reductions.
- Key elements for revitalization, including advertising, were introduced to the subscribers with minimal negative impact.

Key Strategies

- Continue to find efficiencies in all operational areas of the magazine.
- Implement circulation and marketing programs to build revenue.
- Maintain a high editorial standard.

Business Development Unit

Business Development's primary activities include revenue generation through joint venture programs, strategic partnerships and development of revenue generating business units. This unit also assists in the development of cultural tourism sectors and tourism product opportunities.

Key Challenges/Opportunities

- Program development greatly reduced due to corporate budget reductions.
- The Federal Government's reduction of funding to Western Economic Development (WED) has eliminated an important program supporting the Tourism Alliance of Western Canada, affecting partner opportunities.
- An opportunity exists in the identification and development of tourism products throughout the province.
- The awarding of the 2010 Olympic Winter Games will provide an enormous catalyst to tourism development and awareness.

Key Strategies

- Maintain and expand relationships with both traditional and non-traditional partners.
- Assist the Aboriginal Tourism Association of British Columbia (ATBC) in developing a long-term strategic plan.
- Continue to build support for funding of the Tourism Alliance of Western Canada.
- Continue the development of a provincial rails-to-trails strategy.
- Manage the WorldHost program to create awareness and support for British Columbia's bid for the 2010 Olympics.

Corporate Communications

The Corporate Communications unit's two primary objectives are to develop and manage programs that raise awareness and support for the value of the tourism industry in British Columbia, and for Tourism British Columbia's activities. This unit provides timely, relevant information to industry and the media on a range of tourism topics.

Key Challenges/Opportunities

- The corporate website, www.tourism.bc.ca, provides industry and the media with greater accessibility to timely and relevant information.
- The need for community and industry stakeholder input into the development of long-term strategies in such areas as Vancouver 2010 and the DMS project come at the same time there are few resources for Tourism British Columbia to initiate presentations and consultations throughout the province.
- Industry continues to need continual updates on changing consumer behaviour and other information that affects business decisions.

Key Strategies

- Continue to foster relationships with key media.
- Continue to modify and update corporate website to ensure maximum accessibility for industry to Tourism British Columbia research and information about programs and services.
- Manage resources of department to ensure the Program Guide, Business Plan, Annual Report and Super, Natural Fax are produced on time and on budget, and are available in formats convenient for all industry stakeholders.
- Identify opportunities for Tourism British Columbia participation that will further delivery of most relevant and useful information and key messages.

Industry Development

Industry Development's primary activities include developing a strong relationship between Tourism British Columbia and industry by increasing awareness of Tourism British Columbia programs and training, and developing essential business tools that help operators succeed in the business of tourism. Additional responsibilities include industry sector development, individual business counselling, and community strategic planning.

Key Challenges/Opportunities

- Encourage further cooperation and tourism partnerships among communities.
- Community consultations indicated strong desire for planning and development assistance.
- Facilitate the creation of self-sustaining sector groupings and associations.

- Greater accessibility by industry to Tourism British Columbia information is provided by www.tourism.bc.ca, at the same time helping maximize program effectiveness while minimizing costs.

Key Strategies

- Provide relevant training materials and delivery system to the tourism industry to improve competitiveness.
- Provide key point of contact for resource information between Tourism British Columbia and the tourism Industry.
- Facilitate the formation of viable tourism industry sectors.
- Develop a comprehensive program delivering strategic planning and development assistance to communities and industry.

CORPORATE SERVICES

Corporate Services provides the financial, administrative and performance reporting support systems to help ensure value is obtained for money spent, accountability is properly assigned, and the corporation can demonstrate results against its intended goals and objectives.

Key Challenges/Opportunities

- The DMS initiative will create opportunities for further cost savings and administrative efficiencies.
- There is an opportunity for processing efficiencies through the use of technology, such as payments by EFT.
- Access to detailed and timely hotel tax information through the Ministry of Finance remains critical to the corporation's ability to forecast future revenue streams and cash flows with any degree of accuracy.
- Cost savings and process efficiencies will be gained by integrating British Columbia Magazine and SNBC operations, physically and electronically.

Key Strategies

- Maintain the integrity of the financial system through a thorough system of controls, and continue to provide regular financial statements and forecasts to key decision makers.
- Continue reduction in paper flow through 'e-form' initiatives.
- Work with program staff to ensure measures and targets are meaningful and meet pre-established criteria.
- Integrate SNBC and British Columbia Magazine into Tourism British Columbia systems.

HUMAN RESOURCE DEVELOPMENT

To be recognized as a world leader in tourism destination management, Tourism British Columbia's people must achieve a high level of professionalism characterized by dedication and energy. The Human Resource Development division develops and leads internal programs to maintain the high quality of our workforce, aligning human resources and business strategies. The division focuses on recruitment, labour relations, compensation and benefits and training and development.

It is recognized that a positive relationship with employees adds great value to the corporation.

Key Challenges/Opportunities

- Tourism British Columbia's collective agreement was extended for one year by mutual agreement with our union partners, with bargaining having commenced in January 2003.
- Implementation of the corporation's Destination Management System will require a significant amount of attention and nurturing of staff to ensure they have the tools and appropriate support to succeed.
- The addition of international employees in two offices, with distinctly different cultural and employment standards will require specialized attention and focus.

Key Strategies

- Support the implementation of a Destination Management System.
- Continue to lead the process of working in a values-based corporation.
- Ensure compensation systems reflect the marketplace.
- Conduct annual HR satisfaction survey and bi-annual culture survey.
- Manage the corporation's performance achievement process.
- Lead the collective bargaining process in 2003.
- Ensure the services provided to international staff are equitable and encourage involvement in the corporation.

SUMMARY FINANCIAL OUTLOOK

In order to achieve the corporation's mandated goals, Tourism British Columbia will invest $106 million in tourism marketing programs over the next 3 years.

Tourism British Columbia's revenue is directly tied to the performance of the provincial accommodation sector. Through a legislated funding formula, Tourism British Columbia receives 1.65 points of the 8% British Columbia Hotel Room Tax. Traditionally, Tourism British Columbia's success at increasing visitor revenue and creating tourism-related jobs has led to higher-level hotel room earnings and in turn, an increased budget for the corporation.

During 2002/2003, expenses are forecast to exceed total revenues by $2.5 million. As identified in our long-term financial plan, the source of funds will be the corporation's retained surplus that is projected to decline at an orderly rate, allowing for a consistent level of program expenditures over the next four years, until hotel tax revenue growth "catches up" to expenditure levels. Tourism British Columbia policy is to maintain a minimum $1 million retained surplus to protect against any unforeseen downturn in revenues.

$000s	2002/03 Latest Estimate	2003/04 Budget	2004/05 Forecast	2005/06 Forecast
Hotel Room Tax *(note 1)*	$24,400	$25,500	$26,900	$28,100
Program Activities	7,790	7,512	8,245	8,849
Investment Income	190	90	30	0
Less: Tax revenue allowance *(note 2)*	(210)	(344)	(737)	(890)
Total Revenue:	32,170	32,758	34,438	36,059
Marketing and Sales	13,087	14,364	15,090	15,429
Tourism Operations	12,255	11,448	11,677	11,911
Business Development	5,291	3,660	3,705	3,765
Corporate Services, Human Resources, CEO's office, Board, and Contingency Fund	3,610	3,588	3,721	3,837
Amortization	470	520	1,400	1,850
Total Expenses	34,713	33,580	35,593	36,792
Operating Loss	2,543	822	1,155	733
Opening Surplus	6,260	3,717	2,895	1,740
Closing Surplus	3,717	2,895	1,740	1,007

Note 1 Hotel tax figures are supplied by the Ministry of Finance, and are based on provincial nominal GDP forecasted growth.

Note 2 Tourism British Columbia forecasts hotel tax on more specific tourism related indicators. Consequently, the allowance relates to the difference between Ministry of Finance and Tourism British Columbia forecasts.

Key Assumptions and Risks underlying the forecast

- Each 1% difference in actual hotel tax receipts versus forecast equates to a $240,000 impact on Tourism British Columbia's budget.
- The forecast assumes no change to the hotel tax funding formula.

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